

EXHIBIT 3

Julian Friedman

From: Julian Friedman
To: 'KMurphy@kayescholer.com'
Cc:
Subject: RE: Northshore - Saldutti Escrow
Attachments:

Sent: Sat 10/22/2005 4:46 PM

Keith--

We received \$3,891,000 from Fran. It is now in our principal escrow account in Citibank, but it is going to be transferred next week into a separate escrow account that we are going to open just for this purpose. Since this will be the only thing the account will be used for, it will be easy to track all account activity this way.

Julian W. Friedman, Esq.
Stillman & Friedman P.C.
425 Park Avenue
New York, NY 10022
Phone: 212-223-0200
Fax: 212-223-1942
jfriedman@stillmanfriedman.com

-----Original Message-----

From: KMurphy@kayescholer.com [mailto:KMurphy@kayescholer.com]
Sent: Tuesday, October 18, 2005 10:07 AM
To: Julian Friedman
Subject: Northshore - Saldutti Escrow

Julian, just wanted to follow up to confirm whether the court-approved escrow account regarding Fran had been set up and funded and what the balance was. Thanks.

Keith R. Murphy
Kaye Scholer LLP
425 Park Avenue
New York, NY 10022
Direct Dial: 212-836-7873
Facsimile: 212-836-7157

*Defendant's
Exhibit M*

Julian Friedman

From: KMurphy@kayescholer.com
Sent: Monday, October 24, 2005 12:05 PM
To: Julian Friedman
Cc: asteinberg@kayescholer.com; ssolow@kayescholer.com
Subject: Northshore - Saldutti Escrow

Thanks for the update Julian. Per the escrow agreement, Fran was to turn over \$4,112,458, minus approved expenditures made subsequent to July 21, 2005. The approved expenditures amount to approximately \$49k per month, so estimating three months of expenditures, the amount he turned over appears to be short by about \$74,000. Can you let us know the basis for this difference? Thanks.

Keith R. Murphy
Kaye Scholer LLP
425 Park Avenue
New York, NY 10022
Direct Dial: 212-836-7873
Facsimile: 212-836-7157

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"Julian Friedman"
<jfriedman@stillmanfriedman.com>

To: <KMurphy@kayescholer.com>
cc:
bcc:
Subject: RE: Northshore - Saldutti

10/22/2005 04:46 PM

Escrow

Keith--

We received \$3,891,000 from Fran. It is now in our principal escrow account in Citibank, but it is going to be transferred next week into a separate escrow account that we are going to open just for this purpose. Since this will be the only thing the account will be used for, it will be easy to track all account activity this way.

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Christine Natoli

From: Christine Natoli on behalf of Julian Friedman
Sent: Wednesday, November 23, 2005 12:01 PM
To: 'kmurphy@kayescholar.com'
Cc: 'fjsaldutti@aol.com'
Subject: Fran Saldutti

Dear Keith:

Please excuse my delay in responding to your October 24 email. The numbers can be explained as follows. The difference between the figure in paragraph 2 of the Escrow Agreement and the amount deposited with us was \$221,458. This amount breaks down as follows:

-- \$126,751 spent for the period from July 21 to September 30.

-- \$21,595 for Pound Ridge real estate taxes that were paid after September 30. While the budget included in the Escrow Agreement treats real estate taxes as a monthly figure, this was an allocation which we made by taking one-twelfth of the annual total. In fact, the taxes are paid in larger sums in several installments throughout the year.

-- \$29,400 for legal fees paid to us after September 30. While the Escrow Agreement contained a monthly estimate, this is a figure that obviously will vary depending on the work done in a particular period.

-- \$50,000 for November expenses. Rather than adding this money to the escrow and then having me send it right back to Fran, we decided that it was easier to have it deducted at the outset from the amount he transmitted to me.

The above four figures add up to \$227,746, so they explain the difference between the figure in the Escrow Agreement and the amount deposited. Please let me know if you need any more information.

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